

**DEPARTMENT OF TRANSPORTATION****AUDITS AND INVESTIGATIONS**

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April 27, 2009

Mr. Wayne Moore  
Chief Financial Officer  
Southern California Association of Governments  
818 West Seventh Street, 12<sup>th</sup> Floor  
Los Angeles, CA 90017-3435

Re: Southern California Association of Governments  
Audit of Indirect Cost Allocation Plan for FY 2008/2009  
File No: P1190-0699

Dear Mr. Moore:

We have audited the Southern California Association of Governments' (SCAG) Indirect Cost Allocation Plan (ICAP) for the fiscal year (FY) ended June 30, 2009, to determine whether the ICAP is presented in accordance with 2 Code of Federal Regulations (CFR) Part 225 (formerly Office of Management and Budget Circular A-87) and the California Department of Transportation's (Department) Local Programs Procedures (LPP) 04-10. SCAG management is responsible for the fair presentation of the ICAP. SCAG proposed an indirect cost rate of 116.33 percent of direct salaries and wages plus fringe benefits.

Our audit was conducted in accordance with the Standards for Performance Audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States of America. The audit was less in scope than an audit performed for the purpose of expressing an opinion on the financial statements of SCAG. Therefore, we did not audit and are not expressing an opinion on SCAG's financial statements.

The standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records reviewed are free of material misstatement, as well as material noncompliance with fiscal provisions relative to the ICAP. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the data and records reviewed. An audit also includes assessing the accounting principles used and significant estimates made by SCAG, as well as evaluating the overall presentation.

The accompanying ICAP was prepared on a basis of accounting practices prescribed in the 2 CFR Part 225 and the Department's LPP 04-10, and is not intended to present the results of operations of SCAG in conformity with generally accepted accounting principles.

The scope of the audit was limited to select financial and compliance activities. The audit consisted of a recalculation of the ICAP, a limited review of SCAG's Overall Work Program for the fiscal year 2008/09, a review of SCAG's single audit report for the FY ended June 30, 2007, inquiries of SCAG personnel and reliance placed on the single audit report for the FY ended June, 30, 2007, and prior audit field work performed by the Department in September 2005. We believe that our audit provides a reasonable basis for our conclusion.

Because of inherent limitations in any financial management system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the financial management system to future periods are subject to the risk that the financial management system may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our findings and recommendations take into account the agreement of Mr. Wayne Moore, Chief Financial Officer, to the findings during a teleconference that took place on March 13, 2009. Our findings and recommendations, a summary of SCAG's response and our analysis of the response are detailed below.

## **AUDIT RESULTS**

Based on audit work performed, SCAG's ICAP for the FY ended June 30, 2009, is presented in accordance with 2 CFR Part 225 and LPP 04-10. The approved indirect cost rate is 116.33 percent of total direct salaries and wages, plus fringe benefits for the FY ended June 30, 2009. The approval is based on the understanding that a carry-forward provision applies and no adjustment will be made to previously approved rates.

SCAG requested a provisional rate of 112.84 percent on July 3, 2008, for FY 2008/09. Audits and Investigations approved the provisional rate on July 17, 2008. As agreed to in the provisional rate request, within 30 days of issuance of this audit report, SCAG must reconcile all prior reimbursed claims under the provisional rate with the final approved rate. SCAG will include any underpayments on the next billing to the Department. Interest may not be claimed on the underpayments.

## **Audit Findings**

### **Finding 1**

We determined the costs of certain capital assets were incorrectly included in the indirect cost pool. Specifically, \$15,000 for the purchase of a scanner, \$55,000 for software costs, and \$54,350 for IT server replacements were included in account 55460 "Small Purchases." 2 CFR Part 225 Appendix B (15) (b) (5) states, "*Equipment and other capital expenditures are unallowable as indirect costs.*" The costs of these assets can be recovered using the acceptable methods stipulated per 2 CFR Part 225, Appendix B (15) (a) "*Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from*

*asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances."*

The budgeted costs in the ICAP were reduced by \$306,430 for the above costs and other unsupported and adjusted costs prior to the rate being approved.

**Recommendation**

SCAG should review and modify their budgets to exclude costs unallowable per 2 CFR Part 225 prior to including it in the ICAP and submitting it for review. SCAG should ensure that only non-capital assets are included in the indirect cost pool. The capital assets should be recovered through methods allowable per 2 CFR Part 225.

**SCAG's Response**

Auditee agreed with the finding and revised the ICAP accordingly.

**Analysis of Response**

Finding and recommendation remain as written.

**Finding 2**

SCAG included unallowable severance costs of \$283,017.78 for seven employees in the ICAP. A review of employment contracts showed that SCAG made severance payments not required by provisions of the contracts.

2 CFR Part 225 Appendix B (8) (g) (1) allows for *"payments in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement, or (c) established written policy."* Therefore, all of the severance costs included in the FY 2008/09 ICAP are unallowable. There were also some unallowable severance payments reportedly made during fiscal year 2007/08 that should not be included in SCAG's FY 2007/08 pool of indirect costs.

**Recommendation**

SCAG should remove all of the unallowable severance costs from the indirect cost pool for FY 2008/09. SCAG should also ensure that only allowable severance pay is included in the FY 2007/08 indirect cost pool. In the future, SCAG should ensure that only costs allowable according to 2 CFR Part 225 are included in their ICAPs.

**SCAG's Response**

SCAG agreed with the finding.

**Analysis of Response**

Finding and recommendation remain as written.

This report is intended solely for the information of SCAG, Department Management, the California Transportation Commission and the Federal Highway Administration (FHWA). However, this report is a matter of public record and its distribution is not limited.

Please retain the approved ICAP for your files. Copies were sent to the Department's District 7, the Department's Division of Accounting, and the FHWA. If you have any questions, please contact Amada Maenpaa, Audit Manager, at (916) 323-7868.



MARYANN CAMPBELL-SMITH  
Chief, External Audits

#### Attachments

- c: Brenda Bryant, Director, Financial Services, Federal Highway Administration
- Sue Kiser, Director, Planning and Air Quality, Federal Highway Administration
- Dan Mundy, Branch Chief, Rural Transit and Procurement, Division of Mass Transportation
- Tom Marez, Accounting Administrator 1, Local Program Accounting Branch, Division of Accounting
- Andrew Knapp, Associate Transportation Planner, Regional and Interagency Planning, Division of Transportation Planning
- Kirk Cessna, Local Assistance Engineer, District 7
- Morteza Estebari, Associate Transportation Planner, District 7
- P1190-0699

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Indirect Cost Plan**

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the Southern California Association of Governments (Grantee) and approved by the Department.

**SECTION I: Rates**

Rate Type	Effective Period	Rate*	Applicable To
Fixed rate w/carryforward	7/1/08-6/30/09	116.33%	All Programs

\*Base: Total Direct Salaries and fringe benefits

**SECTION II: General Provisions**

**A. Limitations:**

The rate(s) in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement, only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization are included in its indirect cost pool as finally accepted: such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations, the rate(s) would be subject to renegotiation at the discretion of the Federal Government or the Department; (5) Prior actual costs used in the calculation of the approved Rate(s) are contained in the grantee's Single Audit, which was prepared in accordance with OMB Circular A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) This rate is based on an estimate of the costs to be incurred during the period.

**B. Accounting Changes:**

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

**C. Fixed Rate with Carry Forward:**

The fixed rate used in this Agreement is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined either by the grantee's Single Audit or if a Single Audit is not required, then by the grantee's audited financial statements any

differences between the application of the fixed rate and actual costs will result in an over or under recovery of costs. The over or under recovery will be carried forward, as an adjustment to the calculation of the indirect cost rate, to the second fiscal year subsequent to the fiscal year covered by this plan.

**D. Audit Adjustments:**

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plan approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee.

**E. Use by Other Federal Agencies:**

Authority to approve this agreement by the Department has been delegated by the Federal Highway Administration, California Division. The purpose of this approval is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). This approval does not apply to any grants, contracts, projects, or programs for which DOT is not the cognizant Federal agency.

The approval will also be used by the Department in State-only funded projects.

**F. Other:**

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

**G. Rate Calculation:**

FY08-09 Budgeted Indirect Costs:	
Salaries and fringe benefits	\$ 4,837,956
Indirect Non-Labor Budget	\$ 5,925,575
Indirect Cost Carry Forward from FY06-07	\$571,184
 Total FY08-09 Indirect Costs	 \$11,334,715
 FY08-09 Budgeted Salaries & fringe benefits	 \$9,743,253
 FY08-09 Indirect Cost Recovery Rate	 116.33%

**H. Vacancy Rate Analysis:**

The FY08-09 vacancy rate analysis differs from the presentation in the FY07-08 Indirect Cost plan. In FY07-08, the vacancy factor was shown as a reduction of the direct and indirect salary budget and shown in the ICAP calculation. For FY08-09 the reduction for vacancies was included in the salary budget. In both years, a 4% vacancy factor is incorporated into the indirect cost plan.

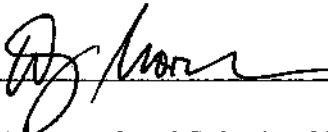
### CERTIFICATION OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

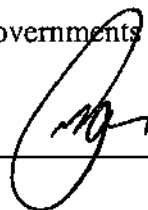
- (1) All costs included in this proposal to establish billing or final indirect costs rates for fiscal year 2009 (July 1, 2008 to June 30, 2009) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost plan and Attachments I-IV.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and the Department will be notified of any accounting changes that would affect the fixed rate.

I declare that the foregoing is true and correct.

Governmental Unit: Southern California Association of Governments

Signature:   
Reviewed, Approved and Submitted by:

Name of Official: Wayne Moore  
Title: Chief Financial Officer  
Date: April 2, 2009  
Phone: (213) 236-1804

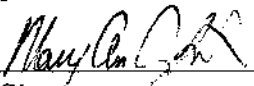
Signature:   
Prepared by:

Name of Official: Basil Panas  
Title: Mgr., Accounting & Finance  
Date: April 2, 2009  
Phone: (213) 236-1817

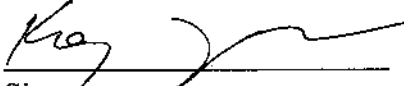
Date of Execution:

### INDIRECT COST RATE APPROVAL

Caltrans Audits and Investigations has reviewed this indirect cost plan and hereby approves the plan.

  
Signature

Reviewed and Approved by:  
MARYANN CAMPBELL-SMITH  
Title: Chief of External Audits  
Date:  
Phone Number: 916-323-7105

  
Signature

Reviewed and Approved by:  
~~MAX CHAMBERLAIN~~ Kesh Braeger  
Auditor  
Date: 4/14/09  
Phone Number: 916-323-7950

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
FY08/09 INDIRECT COST CARRY FORWARD CALCULATION  
FOR THE YEAR ENDING JUNE 30, 2009

ATTACHMENT I

**Approved/Proposed ICAP**

Beginning IC Carryforward Balance									
Add: Actual/Proposed IC	(123,225)	(1)	271,814	(1)	\$	571,185	From FY2007 Carryforward		
Total Actual/Proposed IC for Recovery	9,466,613	(2)	11,111,798	(4)		10,763,531	From Attachment IV & V		
	9,343,388		11,383,612		\$	11,334,716			
Direct Salaries & Fringe Benefits	8,157,154	(3)	9,936,627		\$	9,743,254	From Attachment IV & V		
Approved/Proposed IC Fixed Rate	107.54%		112.84%			116.33%	"		
Recovered/Approved Indirect Costs	8,772,203	(3)	11,212,490			11,334,715	**		
Ending IC Carryforward Bal - (over) under recover	571,185		171,122		\$	0			
<b>To FY2009 Carryforward</b>									

**Direct Salaries and Fringe Benefits**

Direct Salaries	5,106,560	(3)	5,988,570	(5)		6,065,176	From Attachment IV & V		
Fringe Benefits	3,050,594	(3)	3,948,057	(5)		3,678,077	*		
Direct Labor Base - total	8,157,154		9,936,627		\$	9,743,253			

\*\* minor rounding of \$1 was deducted from the calculated product to balance the proposed IC recovery to zero.

**Note 1.** See prior year ICAP approved by Caltrans for the carry forward amount from FY06 to FY08 and from FY05 to FY07.

**Note 2.** For Actual expenses please refer to Attachment II - "Actual Indirect Expense" column heading for a supporting schedule of IC expenses in FY07.

**Note 3.** For the FY09 direct labor base refer to Attachment II - Note 5., which directs the reader to the fund distribution of the total labor base and the recovery

**Note 4.** See page 65 of FY08 CAFR.

**Note 5.** See page 67 of FY08 CAFR.



SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
Supplemental Schedule of Indirect Costs  
Year ended June 30, 2008

Indirect costs:	
Salaries and wages	\$ 3,653,082
Temporary help	516,647
Fringe benefits	2,471,660
Office space leases	1,407,832
Professional services	854,765
Computer support	206,780
Telephone	90,949
Office supplies	189,851
Equipment repairs and maintenance	24,408
Travel	128,501
Equipment lease	433,721
Memberships	63,495
Insurance	231,043
Postage and delivery	72,955
Printing	50,820
Professional materials	21,869
Staff training	128,700
Office purchases under \$5,000	355,408
Other	209,312
Total indirect costs	<u>11,111,798</u>
Indirect costs recovered:	
General Fund	15,313
Federal Transportation Administration	2,668,708
Federal Highway Administration	8,219,770
Nonmajor Funds	308,699
Total indirect costs recovered	<u>11,212,490</u>
Over recovered	(100,692)
Under recovered indirect costs at beginning of year	<u>712,601</u>
Under recovered indirect costs at end of year	<u>\$ 611,909</u>

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**  
**Supplemental Schedule of Distribution of Salaries and Fringe Benefits by Project Area**  
**Year ended June 30, 2008**

	<u>Salaries and wages</u>	<u>Fringe benefits</u>	<u>Salaries, wages, and fringe benefits</u>
Charges to Direct projects	\$ { 5,967,991	3,942,452	9,910,443
Charges to General Fund projects	+ 7,714 { 12,865	5,606	3,948,058 18,471
Charges to Indirect projects	UNKNOWN VARIANCE ↑ 5,988,570 3,653,082	2,471,660	6,124,742
Charges to leave	1,683,849 (1)	—	1,683,849
Totals	\$ <u>11,317,787</u>	<u>6,419,718</u>	<u>17,737,505</u>

- (1) Includes salaries paid to staff for vacation and other paid leave. Leave costs are included in fringe benefits.

ATTACHMENT II

	Actual Major Fund FTA	Reference	Actual Major Fund FHWA	Reference	Actual Nonmajor Combined	Reference	Actual Indirect Expense	Reference	Actual Unallowable Expense (GF)	Reference	Audited Total FY07
<b>Salaries and Wages</b>											
9001 SALARIES	-	-	4,743,837	Required	175,375	Combining	3,156,130	Supplemental	187,340	Required	8,262,892
9801 FRINGE BENEFITS	-	-	2,829,922	Supplementary	112,402	Schedule of	1,910,187	Schedule	109,271	Supplementary	4,950,792
9901	-	-	7,573,759	FHWA	-	Revenues,	5,066,317	Indirect	295,611	Information	13,223,484
Salaries and Fringe Benefits Subtotal	0	FTA @ page 52	7,573,759	FHWA @ page 53	287,777	Expenditures and Changes in Fund @ page 57	-	-	-	-	-
<b>All other Costs</b>											
54300 SCAG CONSULTANT/SUBREGIONS	1,676,368	-	4,636,246	-	3,467,640	Non Major @ page 57	-	-	299,792	General Fund @ page 51	19,000,046
55950 TEMPORARY HELP	-	-	378,323	-	-	-	169,263	Underscored	-	-	547,686
54340 LEGAL EXPENSE	-	-	-	-	-	-	900,731	dollars are the	-	-	900,731
54350 PROFESSIONAL SERVICES AND OTHER	-	-	9,500	-	-	-	-	amounts	454,008	-	463,508
55200 INTERNET ACCESS FEES	-	-	387,823	Note 2, Double score/ Underscored	-	-	-	reported as a separate line	-	-	11,991,871
55210 SOFTWARE SUPPORT	-	-	-	-	-	-	2,610	separate IC line	-	-	2,610
55220 HARDWARE PURCHASES	-	-	-	-	-	-	134,369	Underscored	-	-	134,369
55270 CSC SOFTWARE PURCHASES	-	-	15,876	dollars are the	-	-	54,185	64 of the CAFR	-	-	54,185
55400 OFFICE RENT - OFFICES	-	-	-	-	-	-	36,985	amounts	-	-	36,985
55410 OFFICE RENT SATELLITE	-	-	-	-	-	-	225,749	reported as a separate line	-	-	225,749
55420 EQUIPMENT LEASES	-	-	-	-	-	-	1,272,623	separate line	-	-	1,272,623
55430 EQUIPMENT REPAIRS AND MAINT	-	-	-	-	-	-	59,538	item on page	-	-	59,538
55440 INSURANCE EXPENSES	-	-	-	-	-	-	1,331,161	57 of the CAFR	-	-	1,331,161
55460 SMALL OFFICE PURCHASES	-	-	-	-	-	-	461,581	-	-	-	461,581
55510 OFFICE SUPPLIES	-	-	18,504	-	-	-	18,128	-	-	-	18,128
55530 TELEPHONE CHARGES	-	-	-	-	-	-	155,536	-	-	-	155,536
55540 POSTAGE & DELIVERY SERVICE	-	-	-	-	-	-	219,030	-	-	-	219,030
55580 SCAG MEMBERSHIPS	-	-	-	-	-	-	145,372	-	-	-	145,372
55610 PROFESSIONAL MEMBERSHIPS	-	-	-	-	-	-	90,472	-	-	-	90,472
55620 RESOURCE MATERIAL/SUBSCRIBER	-	-	3,326	-	-	-	63,424	-	-	-	63,424
55441 ADP AND BANK FEES	-	-	166,889	-	-	-	57,480	-	-	-	57,480
55700 DEPRECIATION EXP - FURN	-	-	-	-	-	-	4,665	-	-	-	4,665
55710 DEPRECIATION EXP - COMPUTERS	-	-	-	-	-	-	62,155	-	-	-	62,155
55720 DEPRECIATION - LEASEHOLD	-	-	-	-	-	-	41,136	-	-	-	41,136
55800 RECRUITMENT NOTICES	-	-	-	-	-	-	19,252	-	-	-	19,252
55810 PUBLIC NOTICES	-	-	4,538	-	-	-	11,594	-	-	-	11,594
55820 STAFF TRAINING	-	-	4,840	-	-	-	57,705	-	-	-	57,705
55820 OTHER MEETING EXPENSE	-	-	-	-	-	-	55,106	-	-	-	55,106
55930 MISCELLANEOUS OTHER	-	-	-	-	-	-	14,367	-	-	-	14,367
55920 STAFF TRAINING	-	-	213,975	-	6,727	-	1,082	-	-	-	1,082
55970 INTEREST AND FEES	-	-	-	-	-	-	27,336	-	-	-	27,336
55980 OPERATING CONTRIBUTIONS TO PROJ	-	-	-	-	-	-	14,719	-	-	-	14,719
56100 PRINTING	-	-	-	-	-	-	201,185	-	-	-	201,185
58100 TRAVEL	-	-	-	-	-	-	181,687	-	-	-	181,687
58150 TRAVEL REGISTRATION FEES	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	1,676,368	-	50,036	Note 4, 398	-	-	40,355	-	-	-	50,000
Total expenses, before indirect allocation	1,676,368	-	139,577	-	-	-	70,565	-	-	-	210,142
Allocation of indirect costs to projects	-	-	5,480,717	-	3,782,542	-	30,376	-	-	-	5,512,359
	-	-	222,673	-	89,477	-	100,941	-	-	-	222,673
	-	-	13,024,476	-	3,474,765	-	4,400,296	-	-	-	18,118,183
	-	-	8,144,890	-	3,782,542	-	8,466,513	-	-	-	26,342,827
	-	-	21,776,286	-	4,072,019	-	(8,772,203)	Note 5, -	-	-	17,004,084
Total	1,676,368	-	21,776,286	-	4,072,019	-	694,410	-	-	-	29,342,827
	-	-	-	-	-	-	(123,225)	-	-	-	(694,410)
	-	-	-	-	-	-	571,185	-	-	-	28,648,217

Note 1. Salary/Fringe are separately reported in the CAFR by functional area such as Transportation. See Attachment III - Supporting Schedule of expenses of Non Major Funds. The functional distribution is reported in the CAFR Supplemental Combining Financial Statements at page 57.  
Note 2. GL the items have been reported separately here or combined in order to reconcile with the amounts reported in the FY07 CAFR at page 57.  
Note 3. This amount represents capital outlays expended by the General Fund, and reported as an expense for Governmental Reporting.  
Note 4. In the FHWA Major Fund, printing was misclassified and reported as travel within the total of \$222,673.  
Note 5. The direct labor base used to calculate the recovery is the sum of direct labor and fringe benefits of the FHWA, the Non Major Combined, and Unallowable Expense (GF) columns described above. The sum of these fund(s) is \$8,157,154 and it is carried forward to Attachment I - FY07 column.  
The sum of \$8,157,154 times the approved rate of 1.0754% is equal to the recovery of \$8,772,203 shown in Attachment I.

Southern California Association of Governments  
Supporting Schedule of Expenses for Non Major Funds  
CAFR @ page 57

ATTACHMENT III

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Actual Non Major Fund Expenses Combined (Per Attachment II)

Page 57	
89,736	Salaries & Wages
56,149	Fringe Benefits
2,505,577	Contractual Services
6,727	Other
2,658,189	Total Transportation
60,214	Salaries & Wages
38,782	Fringe Benefits
421,797	Contractual Services
520,793	
96,435	Contractual Services
21,986	Salaries & Wages
15,428	Fringe Benefits
305	Contractual Services
37,719	
443,831	Contractual Services
3,439	Salaries & Wages
2,043	Fringe Benefits
93	Travel
5,575	
3,762,542	Total Expenses Before Indirect Allocation
309,477	Transfers Out
4,072,019	

ACTUAL NON MAJOR EXPENSES BY COST CATEGORY					
Salaries & Wages	Fringe Benefits	Indirect Cost	Contractual Services	Travel	Other
89,736	56,149		2,505,577		6,727
60,214	38,782		421,797		
			96,435		
21,986	15,428			305	
			443,831		
3,439	2,043			93	
		309,477			
175,375	112,402	309,477	3,467,640	398	6,727

**Southern California Association of Governments  
Comparison of FY08 ICAP Budget vs. the  
FY08/09 Proposed ICAP Budget**

**ATTACHMENT V**

	Approved FY 07-08 ICAP	Proposed FY 08-09 ICAP	Budget Changes over(under)	% Change over(under)	Notes
<b>Salaries &amp; Fringe Benefits</b>					
9001 Salaries	3,679,515	3,011,628	(667,887)	-18.2%	Staff layoffs to balance the total budget
9901 Fringe Benefits	2,020,639	1,826,328	(194,311)	-9.6%	Staff layoffs to balance the total budget
<b>Sub total</b>	<b>5,700,154</b>	<b>4,837,956</b>	<b>(862,198)</b>	<b>-15.1%</b>	
<b>Vacancy Rate Adjustment</b>	<b>(228,006)</b>	<b>0</b>	<b>228,006</b>	<b>-100.0%</b>	FY09 vacancies are net in Salaries budget
<b>Indirect Salary &amp; Fringe Benefits Budget</b>	<b>5,472,148</b>	<b>4,837,956</b>	<b>(634,192)</b>	<b>-11.6%</b>	
<b>Indirect Costs</b>					
50030 SEVERANCE	0	0	0	>100%	
54300 SCAG CONSULTANT	247,000	449,764	202,764	82.1%	Need tech support for model dev -GIS
54340 LEGAL EXPENSE	300,000	300,000	0	0.0%	Continuing need for legal services
54350 PROFESSIONAL SVC	720,664	756,645	35,981	5.0%	Minor 5% increase in budget
55200 INTERNET ACCESS FEES	3,000	1,000	(2,000)	-66.7%	Minor reduction in budget
55210 SOFTWARE SUPPORT	167,667	310,046	142,379	84.9%	Alternating needs vs. hardware in FY08
55220 HARDWARE SUPPORT	400,612	74,046	(326,566)	-81.5%	Increased hardware support in FY08
55250 COMPUTER EQUIPMENT LEASES	55,000	10,000	(45,000)	-81.8%	Increased lease support in FY08
55400 OFFICE RENT 818-OFFICES	1,387,400	1,334,589	(52,811)	-3.8%	Moved from rent expense to depreciation
55410 OFFICE RENT SATELLITE	65,800	122,113	56,313	85.6%	Planned expansion to new service areas
55420 EQUIPMENT LEASES	478,888	504,836	25,748	5.4%	Minor 5% increase in budget
55430 EQUIPMENT REPAIRS AND MAINT	35,000	41,750	6,750	19.3%	Minor increase in budget
55440 INSURANCE EXPENSES	180,000	272,483	92,483	51.4%	Projected rate increase by JPIA
55441 ADP AND BANK FEES	25,900	70,000	44,100	170.3%	Increase to convert payroll to in house
55460 SMALL OFFICE PURCHASES	202,500	380,400	177,900	87.9%	Removed capitalizable assets
55510 OFFICE SUPPLIES	159,600	104,150	(55,450)	-34.7%	Decreases to reduce overall IC costs
55520 GRAPHIC SUPPLIES	0	25,000	25,000	>100%	Budget in FY08 in Office supplies budget
55530 TELEPHONE CHARGES	100,500	159,700	59,200	58.9%	Telephone for staff at new service areas
55540 POSTAGE & DELIVERY SERVICE	80,000	85,500	5,500	6.9%	Minor increase in budget
55500 SCAG MEMBERSHIPS	59,450	0	(59,450)	-100.0%	Memberships on hold to reduce IC costs
10 PROFESSIONAL MEMBERSHIPS	15,750	0	(15,750)	-100.0%	Memberships on hold to reduce IC costs
55620 RESOURCE MATERIAL/SUBSCRIBER	46,300	40,000	(6,300)	-13.6%	Decreases to reduce overall IC costs
55700 DEPRECIATION EXP - FURN	5,000	167,619	162,619	>100%	More assets capitalized
55710 DEPRECIATION EXP - COMPUTERS	67,000	61,834	(5,166)	-7.7%	FY09 is on budget
55800 RECRUITMENT NOTICES	25,000	5,000	(20,000)	-80.0%	Recruitments on hold for FY09
55810 PUBLIC NOTICES	15,000	15,000	0	0.0%	Stable budget needs
55820 STAFF TRAINING	347,500	182,000	(165,500)	-47.6%	Decreases to reduce overall IC costs
55920 OTHER MEETING EXPENSE	69,750	35,000	(34,750)	-49.8%	Decreases to reduce overall IC costs
55930 MISCELLANEOUS OTHER	35,200	20,100	(15,100)	-42.9%	Decreases to reduce overall IC costs
55950 TEMPORARY HELP	0	200,000	200,000	>100%	Support services when they are needed
56100 PRINTING	62,350	66,000	3,650	5.9%	RTP reports to be issued in FY09
58100 TRAVEL	117,750	95,700	(22,050)	-18.7%	Decreases to reduce overall IC costs
58200 TRAVEL-REGISTRATION FEES	38,600	21,500	(17,100)	-44.3%	Decreases to reduce overall IC costs
58300 TRAVEL - LODGING	19,400	14,000	(5,400)	-27.8%	Decreases to reduce overall IC costs
<b>Sub-Total</b>	<b>5,533,581</b>	<b>5,925,575</b>	<b>391,994</b>	<b>7.1%</b>	
<b>Sub Total - Indirect Costs</b>	<b>11,005,729</b>	<b>10,763,531</b>	<b>(242,198)</b>	<b>-2.2%</b>	<b>Overall IC budget increase is 6%</b>
<b>Indirect Cost Carry forward</b>	<b>271,814</b>	<b>571,184</b>	<b>299,370</b>	<b>110.1%</b>	<b>Carryforward - See Attachment I</b>
<b>Total Indirect Costs</b>	<b>11,277,543</b>	<b>11,334,715</b>	<b>57,172</b>	<b>0.5%</b>	<b>Increased line items and carryforward</b>
		<b>Note 1.</b>			
<b>Direct Labor and Fringe Benefits</b>	<b>9,994,278</b>	<b>9,743,253</b>	<b>(251,025)</b>	<b>-2.5%</b>	<b>FY08 actuals are closer to FY09 budget</b>
<b>Indirect cost rate</b>	<b>112.84%</b>	<b>116.33%</b>	<b>3.49%</b>	<b>3.1%</b>	

**Note 1.** The FY09 Overall budget for SCAG is presented on Attachment IV - FY08-09 Comprehensive Budget (Revised OPEB costs). The IC is listed in column G and is labeled as "Indirect Projects". The total FY09 IC budget is \$11,954,143 as reported in this attachment.